

**OFFICE OF RETIREMENT SERVICES**

Serving the Customers of the Judges, Public School Employees,

State Employees, and State Police Retirement Systems

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## Probate Judges State Deferred Compensation Plans

The Office of Retirement Services (ORS) has received your Resolution of Acknowledgement form(s) to participate in the state's deferred compensation plan(s). The following information highlights a judge's eligibility, contribution limits and enrollment, and the reporting process.

**Eligibility for probate judges to participate in the State 401(k) or State 457 plans is as follows:**

- Probate judges who participate in the State DC plan are automatically enrolled in the State 401(k) plan and are now eligible to participate in the State 457 plan. A salary deferral above the amount matched by the State DC plan is considered a salary deferral into the State 401(k) plan.
- Probate judges who are members of the State DB plan are now eligible to participate in both the State 401(k) and 457 plans.

**Contribution Limits**

- The Internal Revenue Service (IRS) determines the maximum pre-tax amount contributions each year per plan. It is the responsibility of the probate judge to ensure compliance with the Internal Revenue Code (IRC), which includes coordinating State and local deferral plan limits. The following is a summary of the yearly maximum salary deferrals into both the State 401(k) and State 457 plans as set by the IRC:
- Contribution to a 457 plan and 401(k) plan - Total contributions may not exceed the lesser of an annual dollar amount of \$12,000 or 100 percent of salary in each plan for a total \$24,000 in 2003.
- Scheduled increase in contribution limits through 2006 for each plan are as follows:
  - \$12,000 in the year 2003
  - \$13,000 in the year 2004
  - \$14,000 in the year 2005
  - \$15,000 in the year 2006
- In the 457, a probate judge who is within three years of being eligible for a normal retirement and who has not made the maximum contribution to the 457 plan each year, may be eligible for the traditional catch-up feature. This allows an eligible probate judge to contribute up to twice the above dollar limit - e.g., \$24,000 in 2003 - for the three calendar years prior to the year in which he or she becomes eligible for the full retirement benefits.

- There is a new catch-up provision for individuals age 50 and over that applies to both of the deferred compensation plans. It allows a probate judge to contribute an extra amount per plan as follows:
  - \$2,000 per year in 2003
  - \$3,000 per year in 2004
  - \$4,000 per year in 2005
  - \$5,000 per year in 2006
- The traditional catch-up and the new catch-up may not be used in the same year in the State 457 plan.

**Enrollment or change in Salary Deferral**

An eligible judge may enroll or make a salary deferral change in the State 457 and/or the State 401(k) plans by completing the Probate Judges Enrollment and Salary Deferral Election form. This form may also be used to elect a catch-up provision.

**Submission of the Probate Judges Enrollment and Salary Deferral Election Deferred Compensation Plan Forms**

The county is responsible for submitting the Probate Judges Enrollment and Salary Deferral Election form for each judge participating in the State 401(k) and/or 457 plan(s) to CitiStreet. The judge should keep a copy for his or her record.

The Enrollment and Salary Deferral Election form (R454B - revised 12/02) has been revised to allow Defined Contribution participants and Defined Benefit members to enroll, make salary deferral changes, and/or select a catch-up provision in both the State 401(k) and 457 plans. *Please discard forms dated prior to 12/02, as they are obsolete.*

**Salary Deferral Reports**

The county must submit a salary deferral report each pay period for each judge participating in the State 401(k) and/or the 457 plan(s). Please complete the enclosed Contribution Deferral Report form (R437B - revised 12/02) when submitting each salary deferral report.

Please keep a copy of this letter for future reference. If you have any questions, please contact us at 800-381-5111 or visit our web site at [www.michigan.gov/ors](http://www.michigan.gov/ors).

Sincerely,

Daniel A. Norberg  
Operations  
Office of Retirement Services

Enclosure